

COLLECTION AND APPLICATION OF CUSTOMS REVENUES

Convention signed at Washington September 24, 1940; exchanges of notes at Washington September 24, 1940, and March 10 and 31, 1941

Ratified by the Dominican Republic October 31, 1940

Senate advice and consent to ratification February 14, 1941

Ratified by the President of the United States March 8, 1941

Ratifications exchanged at Washington March 10, 1941

Entered into force March 10, 1941

Proclaimed by the President of the United States March 17, 1941

*Terminated October 1, 1947, upon fulfillment of its terms*¹

55 Stat. 1104; Treaty Series 965

CONVENTION

WHEREAS at the City of Washington, D.C. on the twenty-seventh day of December of 1924 a Convention was concluded and signed² between the Plenipotentiaries of the United States of America and the Dominican Republic, providing for the assistance of the United States of America in the collection and application of the customs revenues of the Dominican Republic; and

WHEREAS the Government of the United States of America and the Government of the Dominican Republic have performed their obligations under the said Convention of 1924 in a manner satisfactory to both parties; and

WHEREAS the Government of the United States of America and the Government of the Dominican Republic are both desirous of modifying the said Convention to the advantage of both parties and at the same time of safeguarding the rights of the holders of the bonds of the issues of 1922 and 1926;

The President of the United States of America, represented by Cordell Hull, Secretary of State of the United States of America, and

The President of the Dominican Republic, represented by Generalissimo Rafael Leonidas Trujillo Molina, Benefactor of the Country, Ambassador Extraordinary on Special Mission,

¹ See exchange of notes at Washington Aug. 9, 1951 (106 UNTS 342; TIAS 2365).

² TS 726, *ante*, p. 220.

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following Articles:

ARTICLE I

The Government of the Dominican Republic shall collect through its appropriate national officials the customs revenues of the Dominican Republic and all revenues pertaining to the customs duties. The General Receivership of the Dominican Customs provided for in the Convention of December 27, 1924, shall cease to operate on the day on which the Dominican Government undertakes the collection of customs revenues.

All property and funds of the General Receivership shall be turned over on that day to the Government of the Dominican Republic.

No claim shall be advanced by either Government against the other on account of any act of the General Receivership.

ARTICLE II

The Government of the United States of America and the Government of the Dominican Republic, in common accord, shall designate a Bank, with establishment in the Dominican Republic, as sole depository of all revenues and public funds of whatsoever nature of the Dominican Government. They likewise shall designate, by common accord, an official who shall act in the said Bank as representative of the holders of the bonds of the external debt of 1922 and 1926, in all matters that concern the service of the said external debt. If at any time the Bank so designated ceases for any reason to function in this capacity or if either Government shall deem a change advisable, a successor shall be designated under the procedure stipulated above. If the representative of the holders of the bonds of the external debt of 1922 and 1926 shall, for any reason, be unable to continue in that capacity, or if either Government shall deem a change advisable, his successor shall be designated in accordance with the same procedure established for the original designation. In the event that it should become necessary to designate a successor to either the Bank or the official representing the holders of the bonds of the external debt of 1922 and 1926, and in the further event that the two Governments should be unable to reach mutual accord on such designation within a period of three months, the Foreign Bondholders Protective Council, Incorporated, shall be requested to nominate said successor, and in the event of its failure to make such nomination the President or a Vice President of the American Bankers Association, or his duly authorized representative, shall be requested to make the nomination; provided, however, that neither a Bank nor a person previously rejected by either Government may be so nominated. In the event that a Bank or person is nominated in accordance with this procedure, the two Governments shall designate such nominee.

The official representing the holders of the bonds of the external debt of 1922 and 1926 shall, with the approval of the two Governments, designate a deputy to serve in his stead in the event of his temporary absence or incapacity.

ARTICLE III

During the first ten days of each calendar month the representative of the holders of the bonds of the external debt of 1922 and 1926 or his deputy shall receive, by endorsement and orders of payment which shall be issued to the Depository Bank by the Dominican Government through the intermediary of the Secretary of State for Treasury and Commerce, the sum necessary to cover monthly payments as follows:

(1) the payment of one-twelfth of the annual interest charges of all of the outstanding bonds of the external debt of 1922 and 1926;

(2) the payment of one-twelfth of the annual amounts designated for the amortization of the said bonds, including the interest of all the bonds which are or may be retained in the sinking fund. The said amortization shall be computed and effected in accordance with the loan contracts as modified by the agreement between the Dominican Republic and the Foreign Bondholders Protective Council, Incorporated, concluded on August 16, 1934, and by the provisions of Article V of the present Convention;

(3) the payment of one-twelfth of the annual cost of the services rendered by the representative of the holders of the bonds of the external debt of 1922 and 1926, or his deputy, who shall receive salaries which are the subject of an exchange of notes attached hereto, which shall be given full force and effect as integral parts of this Convention, and a reasonable amount for expenses incurred in the performance of their duties, and the payment of one-twelfth of the annual amount agreed upon between the Dominican Government and the Depository Bank as the compensation for the services of the said Bank.

No disbursements of funds of the Dominican Government shall be made by the Depository Bank until the payments provided for in this Article shall have been made.

The sums received by the above-mentioned representative for the service of the bonds shall be immediately transmitted by him to the Fiscal Agent or Agents of the loans.

ARTICLE IV

The Government of the Dominican Republic declares that the interest and amortization service of the bonds of the external debt of 1922 and 1926 as well as the payments stipulated in the third numbered paragraph of Article III of the present Convention, constitute an irrevocable first lien upon all of its revenues of whatsoever nature.

ARTICLE V

In case the total collections from all the revenues of whatsoever nature of the Dominican Government should in any calendar year exceed twelve million five hundred thousand dollars (\$12,500,000) there shall be applied to the sinking fund for the redemption of bonds of the external debt of 1922 and 1926 which may be outstanding, ten percent (10%) of the excess above twelve million five hundred thousand dollars (\$12,500,000) but less than thirteen million five hundred thousand dollars (\$13,500,000), and in addition five percent (5%) of all sums exceeding thirteen million five hundred thousand dollars (\$13,500,000).

ARTICLE VI

The representative of the holders of the bonds of the external debt of 1922 and 1926 shall have complete access to all records and books of the Depository Bank relating to the public revenues.

The Secretary of State for Treasury and Commerce of the Dominican Government shall supply monthly to the representative of the holders of the bonds of the loans of 1922 and 1926 complete and detailed reports, duly certified, of all the revenues and disbursements and other fiscal operations of the Dominican Government.

ARTICLE VII

The system of deposit of all revenues of the Dominican Republic shall be carried out in accordance with the Dominican laws of accounting and of the Treasury now governing such matters, and these laws as well as the powers conferred by this Convention upon the representative of the holders of the bonds of the loans of 1922 and 1926, shall not be modified by the Dominican Government during the life of this Convention without the previous consent of both Governments.

ARTICLE VIII

Any controversy which may arise between the Government of the United States of America and the Government of the Dominican Republic in relation to the execution of the provisions of the present Convention shall, if possible, be settled through diplomatic channels. Upon notification by either the Government of the United States of America or the Government of the Dominican Republic that, in its opinion, possibilities of settlement by this means have been exhausted, such controversies shall be settled in accordance with the procedure stipulated in the Inter-American Arbitration Convention signed at Washington, January 5, 1929,³ notwithstanding the provisions of Article 2 (a) thereof.

³ TS 886, *ante*, vol. 2, p. 737.

ARTICLE IX

The Convention signed by the United States of America and the Dominican Republic on December 27, 1924, shall cease to have effect, and the present Convention shall enter into force upon the exchange of ratifications which shall take place in the City of Washington within thirty days following ratification by the Government which ratifies the later in point of time; provided, however, that Articles I, II and V of the said Convention of December 27, 1924 shall continue in full force and effect until the two Governments agree that there have been adopted and put into operation all the measures necessary for the execution of the present Convention.

The present Convention shall continue in full force and effect during the existence of the outstanding external bonds of 1922 and 1926. After the redemption or cancellation of the said bonds, the provisions of this Convention shall automatically cease to have effect.

IN WITNESS WHEREOF the respective Plenipotentiaries have signed the present Convention in duplicate in the English and Spanish languages, both texts being equally authoritative, and have hereunto affixed their seals.

Done in the City of Washington this twenty-fourth day of September, 1940.

CORDELL HULL	[SEAL]
RAFAEL L. TRUJILLO	[SEAL]

EXCHANGES OF NOTES

*The Dominican Ambassador Extraordinary on Special Mission
to the Secretary of State*

[TRANSLATION]

LEGATION OF THE DOMINICAN REPUBLIC

WASHINGTON

September 24, 1940

MR. SECRETARY:

I have the honor, on instructions of my Government, to refer to the agreement between the Dominican Republic and the United States of America, signed today, and to confirm the understanding reached by our two Governments with respect to the salary of the Representative, in the following terms:

The Dominican Government undertakes to pay to the representative of the holders of the bonds of the external debt of 1922 and 1926, a salary not to exceed ten thousand dollars (\$10,000) per annum, payable monthly. In the temporary absence, leave, or incapacity of the representative his salary will continue; provided, however, that his leave of absence may not exceed sixty (60) days with pay in each calendar year plus the number of days

necessary to travel to and from his home. During the temporary absence or incapacity of the representative the Dominican Government will pay to his deputy a salary at a rate not to exceed five thousand dollars (\$5,000) per annum, payable monthly.

The Dominican Government will pay a sum not to exceed five thousand dollars (\$5,000) annually to defray the necessary expenditures of the representative and his deputy for transportation, the operation of an office, cost of bonding, and other similar expenditures incurred in performing their official duties.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

RAFAEL L. TRUJILLO
Ambassador Extraordinary on Special Mission

His Excellency
CORDELL HULL,
*Secretary of State,
Washington, D.C.*

*The Secretary of State to the Dominican Ambassador Extraordinary
on Special Mission*

DEPARTMENT OF STATE
WASHINGTON
September 24, 1940

EXCELLENCY:

I have the honor to acknowledge the receipt of your note of today's date relating to the agreement arrived at by our two Governments concerning the salaries for the representative of the holders of the bonds of the external debt of 1922 and 1926 and his deputy, in which you confirm your Government's understanding of the agreement in the following terms:

[For terms of agreement, see Dominican note, above.]

Your statement of the agreement represents my understanding of the arrangement and is satisfactory to the Government of the United States of America.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

His Excellency
Dr. RAFAEL L. TRUJILLO,
*Ambassador Extraordinary of the
Dominican Republic on Special Mission.*

*The Dominican Ambassador Extraordinary on Special Mission
to the Secretary of State*

[TRANSLATION]

LEGATION OF THE DOMINICAN REPUBLIC

WASHINGTON

September 24, 1940

MR. SECRETARY:

I have the honor, on instructions of my Government, to refer to the convention between the Dominican Republic and the United States of America, signed today, and to confirm to you the understanding reached by our two Governments with respect to certain claims, in the following terms:

The Dominican Government desires to seize this propitious moment to settle a further matter outstanding between the two Governments, thus reinforcing the harmonious relations already existing between our two countries.

The Dominican Republic will include in its next annual budget and in ensuing budgets as long as may be necessary, an annual appropriation of one hundred and twenty-five thousand dollars (\$125,000) which shall be paid out each year exclusively to the liquidation of *bona fide* claims by nationals of the United States of America against the Government of the Dominican Republic.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

RAFAEL L. TRUJILLO

Ambassador Extraordinary on Spécial Mission

His Excellency

CORDELL HULL,
*Secretary of State,
Washington, D.C.*

*The Secretary of State to the Dominican Ambassador Extraordinary
on Special Mission*

DEPARTMENT OF STATE

WASHINGTON

September 24, 1940

EXCELLENCY:

I have the honor to acknowledge the receipt of your note of today's date relating to the agreement arrived at by our two Governments in relation to the policy of the Dominican Government concerning the liquidation of its unfunded indebtedness to nationals of the United States of America in which

you confirm your Government's understanding of the agreement in the following terms:

[For terms of agreement, see Dominican note, above.]

Your statement of the agreement represents my understanding of the arrangement and is satisfactory to the Government of the United States of America.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

His Excellency

Dr. RAFAEL L. TRUJILLO,

Ambassador Extraordinary of the

Dominican Republic on Special Mission.

*The Dominican Ambassador Extraordinary on Special Mission
to the Secretary of State*

[TRANSLATION]

LEGATION OF THE DOMINICAN REPUBLIC

WASHINGTON

September 24, 1940

MR. SECRETARY:

I have the honor, on instructions of my Government, to refer to the convention between the Dominican Republic and the United States of America, signed today, and to confirm to you the understanding reached by our two Governments with regard to pensions, in the following terms:

In recognition of the long and faithful services of Messrs. W. E. Pulliam and N. L. Orme, performed in connection with their duties as officials of the General Receivership of Customs, and who have, since their retirement, been receiving pensions of two hundred dollars (\$200.00) per month, the Dominican Government agrees to pay to Messrs. Pulliam and Orme pensions of that amount during their lifetimes.

The Dominican Government will initiate and insure the passage of legislation making the necessary provisions for these payments on the date on which the convention signed today becomes effective.

During the first ten days of each calendar month thereafter the Dominican Government undertakes to notify the Depository Bank of the Dominican Government of the payment of the above-mentioned pensions. A copy of this note, after it has been duly authenticated and when it shall have been received by the Depository Bank of the Dominican Government, shall constitute the Bank's authority for withholding any disbursement of the Government until notice of the said payment of the above-mentioned pensions has been received.

The Dominican Government formally agrees that the undertaking herein expressed has the same force and validity as the convention signed today.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

RAFAEL L. TRUJILLO

Ambassador Extraordinary on Special Mission

His Excellency

CORDELL HULL,

Secretary of State,

Washington, D.C.

*The Secretary of State to the Dominican Ambassador Extraordinary
on Special Mission*

DEPARTMENT OF STATE

WASHINGTON

September 24, 1940

EXCELLENCY:

I have the honor to acknowledge the receipt of your note of today's date, relating to the agreement arrived at by our two Governments concerning pensions to certain individuals, in which you confirm your Government's understanding of the agreement in the following terms:

[For terms of agreement, see Dominican note, above.]

Your statement of the agreement represents my understanding of the arrangement and is satisfactory to the Government of the United States of America.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

His Excellency

Dr. RAFAEL L. TRUJILLO,

Ambassador Extraordinary of the

Dominican Republic on Special Mission.

*The Dominican Ambassador Extraordinary on Special Mission
to the Secretary of State*

[TRANSLATION]

LEGATION OF THE DOMINICAN REPUBLIC

WASHINGTON

September 24, 1940

MR. SECRETARY:

I have the honor, on instructions of my Government, to refer to the convention between the Dominican Republic and the United States of America,

signed today, and to confirm to you the understanding reached by our two Governments with regard to interpretations, in the following terms:

The term "all revenues and public funds of whatsoever nature of the Dominican Government" employed in the Convention signed by us today to replace the Convention of December 27, 1924, embraces the deposit and pledge of any and all income and receipts of the Dominican Government, from whatsoever source derived, whether known as taxes, duties, excises, fees, contributions to the State, fines, imposts, charges, levies or any other kind of similar income, receipts, or funds which belong to and are under the control of the Government of the Dominican Republic. It is understood that the term does not include funds under the control of the Dominican Government which under existing law are collected for, belong to, and are distributed among the municipalities, which are autonomous under the constitution of the State.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

RAFAEL L. TRUJILLO
Ambassador Extraordinary on Special Mission

His Excellency
CORDELL HULL,
*Secretary of State,
Washington, D.C.*

*The Secretary of State to the Dominican Ambassador Extraordinary
on Special Mission*

DEPARTMENT OF STATE
WASHINGTON
September 24, 1940

EXCELLENCY:

I have the honor to acknowledge the receipt of your note of today's date relating to the agreement arrived at by our two Governments concerning the term "all revenues and public funds of whatsoever nature of the Dominican Republic" employed in Article II of the convention signed by us today, in which you confirm your Government's understanding of the agreement in the following terms:

[For terms of agreement, see Dominican note, above.]

Your statement of the agreement represents my understanding of the

arrangement and is satisfactory to the Government of the United States of America.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

His Excellency

Dr. RAFAEL L. TRUJILLO,
*Ambassador Extraordinary of the
Dominican Republic on Special Mission.*

*The Dominican Ambassador Extraordinary on Special Mission
to the Secretary of State*

[TRANSLATION]

LEGATION OF THE DOMINICAN REPUBLIC

WASHINGTON

March 10, 1941

MR. SECRETARY:

I have the honor, on instructions from my Government, to refer to the convention between the Dominican Republic and the United States of America, the ratifications of which we exchanged today, and particularly to the following sentence of article II which provides that:

"They (the Government of the Dominican Republic and the Government of the United States of America) likewise shall designate, by common accord, an official who shall act in the said Bank as representative of the holders of the bonds of the external debt of 1922 and 1926, in all matters that concern the service of the said external debt."

The Government of the Dominican Republic proposes accordingly that, by mutual accord between our two Governments and for the purposes stipulated in the convention, Mr. Oliver P. Newman be designated as the representative of the holders of the bonds of the external debt of 1922 and 1926.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

RAFAEL L. TRUJILLO
*Ambassador Extraordinary and
Plenipotentiary on Special Mission*

His Excellency

CORDELL HULL,
*Secretary of State,
Washington, D.C.*

*The Secretary of State to the Dominican Ambassador Extraordinary
on Special Mission*

DEPARTMENT OF STATE
WASHINGTON
March 10, 1941

EXCELLENCY:

I have the honor to acknowledge the receipt of your note of today's date, reading as follows:

[For text of Dominican note, see above.]

In reply I have the honor to state that the proposal of the Dominican Government is agreeable to the Government of the United States, namely, that Mr. Oliver P. Newman be designated as the representative of the holders of the bonds of the external debt of 1922 and 1926.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

His Excellency

DR. RAFAEL L. TRUJILLO,
*Ambassador Extraordinary of the
Dominican Republic on Special Mission.*

*The Dominican Ambassador Extraordinary on Special Mission
to the Secretary of State*

[TRANSLATION]

LEGATION OF THE DOMINICAN REPUBLIC
WASHINGTON
March 10, 1941

MR. SECRETARY:

I have the honor, on instructions of my Government, to refer to the notes which we exchanged in this Capital on September 24, 1940 with regard to the salary of the official who is to act in the Depository Bank of the Dominican Government as representative of the holders of the bonds of the external debt of 1922 and 1926.

In this connection, I have the honor to inform Your Excellency that the Government of the Dominican Republic proposes to pay to that representative a salary of ten thousand dollars (\$10,000) per annum, payable monthly.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

RAFAEL L. TRUJILLO
*Ambassador Extraordinary and
Plenipotentiary on Special Mission*

His Excellency
CORDELL HULL,
*Secretary of State,
Washington, D.C.*

*The Secretary of State to the Dominican Ambassador Extraordinary
on Special Mission*

DEPARTMENT OF STATE
WASHINGTON
March 10, 1941

EXCELLENCY:

I have the honor to acknowledge the receipt of your note of today's date, reading as follows:

[For text of Dominican note, see above.]

In reply, I have the honor to state that the proposal of the Dominican Government is agreeable to the Government of the United States, namely, that the Dominican Government will pay the official who is to act as the representative of the bonds of the external debt of 1922 and 1926 a salary of ten thousand dollars (\$10,000) per annum, payable monthly.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

His Excellency
Dr. RAFAEL L. TRUJILLO,
*Ambassador Extraordinary of the
Dominican Republic on Special Mission.*

*The Dominican Ambassador Extraordinary on Special Mission
to the Secretary of State*

[TRANSLATION]

LEGATION OF THE DOMINICAN REPUBLIC
WASHINGTON
March 10, 1941

MR. SECRETARY:

I have the honor, on instructions of my Government, to refer to the convention between the Dominican Republic and the United States of America,

the ratifications of which we exchanged today, and particularly to the following sentence of article II which provides that:

"The Government of the Dominican Republic and the Government of the United States of America, in common accord, shall designate a Bank, with establishment in the Dominican Republic, as sole depository of all revenues and public funds of whatsoever nature of the Dominican Government."

The Government of the Dominican Republic proposes accordingly that, by mutual accord between our two Governments and for the purposes stipulated in the convention, the branch of the National City Bank of New York established in Ciudad Trujillo, Dominican Republic, be designated as the Depository Bank.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

RAFAEL L. TRUJILLO
*Ambassador Extraordinary and
Plenipotentiary on Special Mission*

His Excellency
CORDELL HULL,
*Secretary of State,
Washington, D.C.*

*The Secretary of State to the Dominican Ambassador Extraordinary
on Special Mission*

DEPARTMENT OF STATE
WASHINGTON
March 10, 1941

EXCELLENCY:

I have the honor to acknowledge the receipt of your note of today's date, reading as follows:

[For text of Dominican note, see above.]

In reply I have the honor to state that the proposal of the Dominican Government is agreeable to the Government of the United States, namely, that the branch of the National City Bank of New York established in Ciudad Trujillo, Dominican Republic, be designated as the Depository Bank for the purposes stipulated in the Convention, the ratifications of which were exchanged today.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

His Excellency

Dr. RAFAEL L. TRUJILLO,
*Ambassador Extraordinary of the
Dominican Republic on Special Mission.*

The Secretary of State for Foreign Affairs to the American Minister

[TRANSLATION]

DOMINICAN REPUBLIC
DEPARTMENT OF STATE
FOR FOREIGN AFFAIRS

CIUDAD TRUJILLO
DISTRICT OF SANTO DOMINGO

March 31, 1941

445

MR. MINISTER:

I have the honor to inform Your Excellency that, with reference to the provisions of the first paragraph of article IX of the convention between the Government of the Dominican Republic and the Government of the United States of America signed in the city of Washington, D.C., on September 24, 1940, and in view of all of the measures adopted through mutual agreement between both Governments subsequent to the exchange of ratifications of the said convention, the Dominican Government, by means of the present note, states that, for its part, it recognizes that all of the measures necessary for the execution of the above-mentioned convention of September 24, 1940 have been adopted and put into operation.

And that, consequently, beginning with this date the normal and satisfactory execution of the said convention can be initiated.

In requesting Your Excellency to advise me of the opinion of your Government on this matter, I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration.

A. DESPRADEL

His Excellency

ROBERT MCGREGOR SCOTTEN,
*E. E. and Minister Plenipotentiary
of the United States of America.*

The American Minister to the Secretary of State for Foreign Affairs

No. 43

CIUDAD TRUJILLO, D.R., *March 31, 1941*

EXCELLENCY:

I have the honor to acknowledge the receipt of your communication No. 445 of March 31, 1941, in which Your Excellency states that, with reference to the provisions of the first paragraph of Article IX of the Convention signed in the City of Washington, D.C., between the Government of the United States of America and the Government of the Dominican Republic, on September 24, 1940, and in view of the measures adopted through mutual agreement between both Governments subsequent to the exchange of ratifications of the said Convention, the Dominican Government agrees that all of the necessary measures for the execution of the above-mentioned Convention of September 24, 1940 have been adopted and put into operation.

In reply to this communication I have the honor to inform Your Excellency that, in view of all of the measures adopted through mutual agreement between both Governments subsequent to the exchange of ratifications of the aforesaid Convention, the American Government, for its part, agrees that all of the measures necessary for the execution of the above-mentioned Convention of September 24, 1940 have been adopted and put into operation.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

ROBERT M. SCOTTEN

His Excellency

ARTURO DESPRADEL,

*Secretary of State for Foreign Affairs,
Ciudad Trujillo, D.R.*